

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – APRIL 17, 2003**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Al Picconi, United Beverages, Inc.; Brian Law, Law Warehouses.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending April 13, 2003 show retail sales were up 5.67%, on-premise sales were down almost -7.6%, off-premise sales were up 47.9%, and total aggregate sales were up about 11.4%. The traffic count was up by 6,312, and the average sales ticket was also up by \$.54.

The W-1 Total Weekly Sales Report for the same week confirms total weekly sales increased by 11.4% or \$574,001, as they did for the year by 5.12% or \$13,309,048. Wine sales for the week were up almost 27.5% or \$592,481, and were also up 8.56% or \$10,006,206 for the year. Sales of spirits, however, were down for the week by -.64% or (\$18,480), but were up year-to-date by 2.3% or \$3,307,479.

##### **B. Budget Reports:**

There was nothing particularly significant to report regarding the latest outstanding depletions and post-offs report. However, Craig did mention that at some point Marketing might want to consider taking action regarding those accounts which are often in arrears, perhaps by suspending activities with them.

Craig has been asked to sit in for George Liouzis at SEA negotiations. He did so at a meeting this morning, and will continue to do so until George returns to work. He now needs to meet with Peter Engel and Aidan Moore regarding contract proposals and counter proposals and to receive guidance as to how to proceed.

Craig, George and Chairman Maiola will be attending two hearings next week, one next Monday the 21<sup>st</sup> at Senate Ways & Means and the other next Tuesday the 22<sup>nd</sup> before the Senate Capital Budget Committee.

The W-6 Expense Budget Activity Variance Report for the week ending April 15, 2002 shows the year to be at about 79.18% expended, with actual agency expenditures at 78.12%, including the Governor's 2 ½% cut approved by Fiscal Committee. The biggest concern at this point is with utilities. A meeting will be set up to explain where the Commission should be as far as savings are concerned. Savings are being

seen in the headquarters building, but not on the stores' side. There could be a deficit of as much as \$50,000 in this category by the end of the year.

Fiscal Committee has approved the submitted transfers for Store Operations overtime and in-state travel for Enforcement. Transfers will be prepared soon for the salary and benefits categories.

George had previously e-mailed to the Commission and bureau chiefs a copy of a credit analysis. In summary, he is trying to figure out what the impact on the Commission would be of allowing licensees to use credit cards. It is projected that costs may increase by \$468,000, but this could be offset by additional sales. It could also decrease for workload for Accounts Receivable. George suggested looking at this again after a period time. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that both on and off-premise licensees be allowed the use of credit cards to make purchases. The motion was unanimously adopted. Commissioner Maiola suggested that this process go through the Marketing Department. Howard said this would entail minor changes which could be done overnight, and implementation would be possible by May 1<sup>st</sup>. John Bunnell's bureau will prepare notices to be sent to on and off-premise licenses and published on the web site.

It was further moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the EFP program which would enable licensees to make payments electronically. The motion was unanimously adopted.

2. IT Reports

Difficulties with the debit card program have been identified and resolved. The fix was tested yesterday and seems to be working correctly. This represents the last known problem with the conversion to Paymentech. 34 stores have now been installed, and Howard is looking forward to finishing up by the end of the month. If there is a problem, work will be completed by the end of the first week in May.

A meeting was held with Enforcement personnel this week, and IT will now move forward with an IT program for them.

Howard projected several samples of the new style for the State's web site.

Year-end inventory was adjusted yesterday and is all set.

Rick Farrenkopf may represent IT at next week's Commission meeting, as Howard will be attending a statewide meeting scheduled by the CIO for next Thursday.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for the week ending 4/13/03 increased by 5.56% or \$215,809.32. Peter noted that Store #20 Derry was up over 27%, and Store #51 Pelham was up almost 23%. This could be due to these stores picking up some business from Store #34 Salem while it is undergoing renovations. In response to an inquiry from Commissioner Maiola, Peter reported that Store #11 Lebanon was up a little over 22%.

The demolition of the south side of the Salem store is finished; installation of new ceilings and bathrooms are being worked on now. Peter is still looking at the end of the month for switchover to the other side of the building, at which time the loading dock will be demolished. There was an on-site meeting yesterday at Store #38 Portsmouth. It is being determined what the Commission will need in the absence of contingency funds. There have also been some issues with the HVAC, which the contractor is willing to trade off on. A work schedule should be available for next week's meeting.

The gift card program rollout will be presented to the Supervisors at their meeting of April 30<sup>th</sup>. There will then be five sessions held throughout the state at which Paymentech will provide training to employees on the registers.

2. Purchasing Report

There was nothing of major concern to report regarding out-of-stock products for this week.

Brian Law reported that a water main ruptured at Law Warehouse yesterday. However, water did not rise above pallet level, and only one product was damaged.

3. Merchandising Report:

A. SPIRITS:

1) Summer Splash Promotion:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve submittals for the Gold Sponsor (Robert Mondavi wines), Silver Sponsor (Absolut/DeKuyper) and Bronze Sponsor (Bacardi), as recommended by John Bunnell, Administrator of Marketing & Sales, but table the submittal for Platinum Sponsor (Bella Sera/Ecco Domani (Gallo), pending further review. The motion was passed on a two to one vote, with Commissioner Maiola opposed.

2) Test Market Products:

a. Test Market Request (Admiral Nelson Spiced Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./David Sherman Corporation for a new test market product listing for Admiral Nelson Spiced Rum, 750ML size (assigned four-digit Code #4525), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Magellan Gin):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. for a new test market product listing for Magellan Gin, 750ML size (assigned four-digit Code #3203), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (5 Players Extreme flavored vodkas):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from United Beverages, Inc./Extreme Beverage Company, LLC for new test market product listings for the following five (5) 750ML size spirit items, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Players Extreme Vodka (assigned four-digit Code #3767); Players Extreme Mandtango Vodka (assigned four-digit Code #3540); Players Extreme Green Apple Vodka (assigned four-digit Code #3541); Players Extreme Lemon Vodka (assigned three-digit Code #954); and Players Extreme Cherry Vodka (assigned three-digit Code #955). The motion was unanimously adopted.

3) One-Time Buy (Codes #8670, #5571 and #7515):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table an offer from United Beverages, Inc./David Sherman Corporation of a one-time buy on Code #8670, Arrow Coffee Brandy, Code #5571, Salvador Margarita and Code #7515, Salvador Strawberry Margarita, 1.75L sizes pending further negotiations with the broker. The motion was unanimously adopted.

4) June Special Offers:

- a. 1 item – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Martignetti Companies of N.H., based upon depletions of one (1) spirit item, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 1 item – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from United Beverages, Inc., based upon depletions of one (1) spirit item, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

- 1) New Wine Product Listings (general distribution – Codes #21859 & #33963):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the general distribution of Code #21859, Tiefenbrunner Pinot Grigio and Code #33963, Falesco Vitiano, 750ML sizes, each of which has earned a gross profit of at least \$6,500 during a twelve-month period, the majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Special Offers for June 2003 (26 items – Executive Wine & Spirits):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of twenty-six (26) wine items, to be featured on sale during Jun 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve previously reviewed requests for bailment releases/transfers dated April 11 through April 17, 2003. The motion was unanimously adopted.

2. Coupon Approvals:           None.

3. Late Items:               None.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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